

SOUTH TEXAS WATER AUTHORITY  
Regular Board of Directors Meeting  
May 6, 2015  
Minutes

Board Members Present:

Kathleen Lowman  
Filiberto Treviño  
Lupita Perez  
Patsy Rodgers  
Dr. Albert Ruiz  
Charles Schultz

Board Members Absent:

Rudy Galvan

Staff Present:

Carola G. Serrato  
Jo Ella Wagner  
Jacob Hinojosa  
Dony Cantu

Guests Present:

Steven Vaughn

1. Call to Order.

Ms. Kathleen Lowman, Board President, called the regular meeting of the STWA Board of Directors to order at 5:37 p.m. A quorum was present.

2. Citizen Comments.

Ms. Lowman opened the floor to citizen's comments. No comments were made.

3. New Board members' oaths of office.

Ms. Wagner administered the Oath of Office to Ms. Lowman who was appointed to Place 8 on the Board by the Nueces County Commissioner's Court and Dr. Ruiz and Mr. Treviño who were re-appointed to Place 5 and Place 9 respectively by the Kleberg County Commissioner's Court.

4. Election of officers.

Ms. Perez made a motion to re-elect the current slate of officers: President – Ms. Lowman, Vice-President – Mr. Treviño, and Secretary/Treasurer – Mr. Galvan. Ms. Rogers seconded. All voted in favor.

5. Approval of Minutes.

Mr. Treviño made a motion to approve the minutes of the March 24, 2015 Regular Meeting as presented. Ms. Perez seconded. The motion passed by unanimous vote.

6. Treasurer's Report/Payment of Bills.

The following reports were presented for the Board's consideration:

STWA Regular Meeting Minutes

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STWA Investment Report for Quarter Ended March 31, 2015  
Treasurer's Report for period ending March 31, 2015  
Revenue Fund Income Statement for period ending March 31, 2015  
Tax Fund Income Statement for period ending March 31, 2015  
STWA Revenue Fund Balance Sheet – March 31, 2015  
STWA Revenue Fund GL Account Summary Report as of March 31, 2015  
STWA Debt Service Fund Income Statement for period ending March 31, 2015  
STWA Debt Service Fund Balance Sheet March 31, 2015  
STWA Debt Service Fund GL Account Summary Report as of March 31, 2015  
STWA Capital Projects Fund Income Statement for period ending March 31, 2015  
STWA Capital Projects Fund Balance Sheet – March 31, 2015  
STWA Capital Projects Fund GL Account Summary Report as of March 31, 2015  
STWA 2012 Bond Election Report  
Anticipated vs. Actual Water Rate Charged and Net Revenue Worksheet  
Maintenance & Technical Report from O&M Supervisor

The following outstanding invoices were presented for Board approval:

• City of Corpus Christi	\$ 78,078.92
• Kevin Kieschnick NC Tax Assessor	\$ 484.53
• Willatt & Flickinger, Attorneys at Law	\$ 6,755.80
• HDR Engineering, Inc.	\$ 1,186.83

A motion was made by Mr. Treviño and seconded by Mr. Schultz to approve the Quarterly Report, Treasurer's Report and payment of the bills as presented. The motion carried.

7. Fiscal Year 2015 Budget Amendments.

Ms. Serrato reviewed the proposed amendments to the FY 2015 Budget. She stated that the cost of a new meter at the Kingsville Pump Station is not included in the amended budget. She explained that staff will continue to read the meter manually and that there is no additional labor cost to read the meter daily. Ms. Rodgers made a motion to approve the FY 2015 Budget Amendments. Mr. Schultz seconded. The motion carried.

8. TCEQ Enforcement Action and State Office of Administrative Hearings.

Ms. Serrato said that despite staff agreeing to perform a chlorine burn on the 42" line, initiate discussion on construction of improvements to the Driscoll disinfection booster pump station, contacting the City of Kingsville to begin negotiations on a long-term contract and an analysis of the bell-shaped curve pilot study, TCEQ attorney Jennifer Cook filed a motion for a rehearing. Mr. Willatt filed STWA's response to the motion and Ms. Cook then filed a response to STWA's response. Ms. Serrato stated that although Ms. Cook's response is loaded with inaccuracies, Mr. Willatt will not file another response unless the Board instructed him to do so. She said that the TCEQ Commissioners will decide whether the case will be sent back for a rehearing. The Board took no action on this matter.

9. HDR Engineering, Inc., Amendment No. 2 for Disinfection Management Practices.

Ms. Serrato presented a proposal from HDR Engineering, Inc. in the amount of \$9,820 as well as HDR's most recent bill for Aaron Archer's services pertaining to the TCEQ Enforcement Action. She explained that the original agreed fee was \$12,000 which included two days of testimony. The remaining balance is \$187.03. She said the proposal would amend the agreement a second time to add \$9,820 in services to address conversion of the Driscoll booster station to a chloramine injection system and STWA's chlorine burn. Mr. Treviño made a motion to approve the HDR Engineering, Inc. Proposal, Amendment #2 – Disinfection Management Practices. Mr. Schultz seconded and all voted in favor.

10. Kingsville Pump Station Bond Election Improvements – 1.0 MG ground storage tank and pump replacement project.

Ms. Serrato stated that as reported previously, TCEQ is withholding approval of the completed design plans for the Kingsville 1.0 MG ground storage tank and pump replacement projects. She added that the TCEQ is aware that correcting the residual problem depends on the City of Kingsville's ability to accept delivery of and pump water into the City's distribution system; however, TCEQ insists on STWA signing an Agreed Order acknowledging that it is a public water system. Ms. Serrato said she and Mr. Willatt discussed whether proceeding with the projects without TCEQ approval could jeopardize Kingsville agreeing to accept title to the facilities since Kingsville previously stated they would be willing to accept title as long as they were certified and if title remains in the Authority, the City would be taking water under direct pressure. She read an email from Mr. Willatt to City Attorney Courtney Alvarez which referred to a section from TCEQ's denial letter referring to the City taking water under direct pressure based on the current ownership of the pumps. She added that this may be the information the City needs in order to agree to take title of the pumps and avoid taking water under direct pressure. Mr. Schultz moved to authorize HDR Engineering, Inc. to advertise the Kingsville 1.0 MG tank construction project and the Kingsville Pump Project. Mr. Treviño seconded and all agreed.

11. Purchase of standby pump and motor for Kingsville Pump Station.

Ms. Serrato presented information from the Kingsville Pump Station Improvements Construction Documents Project Manual dated May 2013 and noted that the project has been on hold for quite some time due to TCEQ's refusal to approve the plans on the project. Ms. Serrato recommended purchase of a pump and motor meeting the project document specifications as a backup in case of failure of the remaining pump and additionally for use once the project gets underway. Mr. Treviño made a motion to authorize staff to purchase a standby pump and motor. Ms. Rodgers seconded. All voted in favor.

12. Water Supply Contract with Ricardo Water Supply Corporation.

Ms. Serrato stated that the Ricardo Water Supply Corporation Board of Directors again considered the 20-year water supply contract offered by STWA during the RWSC's April 14, 2015 meeting. She said RWSC Board President Baldemar Garcia consulted with attorney Gerald Benadum who agreed that Mr. Willatt's opinion of including a provision that would allow

RWSC to purchase its water from a less expensive source would result in a non-binding contract. Additionally, Mr. Garcia said he believed that a 20-year term would likely be necessary. He also requested a provision protecting the Corporation from paying a Handling Charge Take or Pay fee during drought conditions which prevent the Corporation from taking their annual volume. Mr. Garcia also stated that he felt the Corporation should be willing to accept title to all the facilities south of the master meter located just upstream from the 12" transmission line including the 14" waterline running from FM 772 south on CR 1030.

13. Water Supply Contracts with NCWC&ID #5 (Banquete).

Ms. Serrato reported that she attended the District's April 8<sup>th</sup> meeting and discussed the recently offered 20-year water supply contract. She said she reviewed the contract and clarified questions about ownership for the newly elected board members.

14. Bishop West Side Pump Station Bond Election Improvements.

Ms. Serrato presented an invoice from LNV in the amount of \$750 and reported that LNV and the City of Bishop are very satisfied with the project. She recommended payment of the invoice and approval of the Final Pay Estimate to Mercer Controls in the amount of \$10,990 in retainage plus \$7,696.50 as the agreed upon change order total contingent upon receiving the necessary paperwork and acceptance of the project by the City. Mr. Schultz made a motion accepting the recommendation, Dr. Ruiz seconded and all voted in favor.

15. Utility Conveyance Agreement between South Texas Water Authority and the City of Bishop for transfer of title of Bishop West Pump Station Improvement using Bond Funds.

Ms. Serrato reported that the Utility Conveyance Agreement between South Texas Water Authority and the City of Bishop for the facilities constructed at the Bishop Westside Pump Station has been executed and the facilities now belong to the City of Bishop.

16. Joint Project with Nueces Water Supply Corporation – Pump Station Improvements at the Driscoll Pump Station.

Ms. Serrato said that as reported previously, TCEQ will not approve the plans for the Driscoll project until STWA signs an Agreed Order acknowledging that it is a Public Water System and because, according to TCEQ Attorney Jennifer Cook, TCEQ cannot approve the plans for Nueces Water Supply Corporation since they would be purchasing water from an entity that claims that it is not a Public Water System. Ms. Serrato pointed out that NWSC is the primary entity listed on the plans submitted to TCEQ and she intends to have the NWSC Board consider moving forward with the project without the TCEQ's approval.

17. Codification of STWA's Enabling Legislation and consideration to utilize the services of Nora Del Bosque to track the Codified Legislation.

Ms. Serrato distributed a chart illustrating the activity associated with SB 1162 which includes the codification of STWA's enabling legislation. The bill has been voted on by the Senate and is at Stage 3.

18. Surplus Property Sale.

Ms. Serrato reported that sealed bids for surplus property were opened on April 17, 2015 and bids totaled \$610. She added that all of the sold items have been paid for and picked up by the buyers.

19. Declaration of unsold surplus property as salvage property and authorization for disposal.

The Board reviewed the list of unsold property which included a refrigerator, phone system, mailing system, typewriter and three printers.

20. Resolution 15-03. Resolution declaring unsold surplus property of the South Texas Water Authority as salvage property with a \$0 value and authorizing disposal of the salvage property.

After reviewing the list of unsold property, Mr. Treviño made a motion to adopt Resolution 15-03. Ms. Perez seconded. All voted in favor.

21. Conversion of Driscoll Disinfection Booster Station from Free Chlorine to Chloramine – Facility Improvements.

Ms. Serrato requested that the Board consider authorizing conversion of the Driscoll Disinfection Booster Station from a free-chlorine to a chloramine station. She said this is among the items STWA agreed to work on during the March 11<sup>th</sup> meeting with TCEQ to address the loss of residual in the vicinity of Kingsville. She presented an updated quote in the amount of \$141,300 from HDR's Aaron Archer for the conversion which was close to the amount originally quoted in 2010. Mr. Treviño expressed his concern about making the expense while the problem could continue if there is no commitment from the City of Kingsville to purchase water. The Board agreed to delay conversion until there is a commitment in place from the City of Kingsville.

22. Employees living out of STWA's district boundary.

Ms. Serrato stated that some past employees have lived outside of STWA's district boundaries and that a current employee recently informed her that he is considering moving approximately 10 miles outside of the district. She added that this is further out than the residences of any of the previous employees. The Board consensus was to leave the decision at the discretion of the Executive Director.

23. Water Tower Road – Banquete.

Ms. Serrato stated that she was recently contacted by a Banquete resident regarding the condition of Water Tower Road. The road is actually an easement used to access STWA's property which includes a storage building and a 50,000 gallon elevated storage tank. Ms. Serrato informed the resident that upkeep of the road is not STWA's responsibility and that STWA only makes repairs to enable personnel to access the facilities. She added that she contacted the Nueces County Public Works Department and was informed that even if STWA brought the road up to Nueces County road standards, the width must be 60 feet and this easement is only 40 feet wide. She

said that for now field personnel have been instructed to repair the large ruts and to make sure that they drive only within the 40 foot easement.

24. Russell Corrosion Consultants, LLC. Quote for Cathodic Protection Monitoring In-Service Training.

The Board reviewed Russell Corrosion's proposal for training on the impressed current system using rectifiers as well as the passive cathodic protection system using buried, sacrificial anodes for a total cost of \$2,947.50 which includes training for a maximum of eight persons for a period of eight hours. Mr. Vaughn asked if the training could be done elsewhere. Ms. Serrato said that she did not know of other classes and Mr. Vaughn said he would look into it and provide information on other training next week. Dr. Ruiz made a motion to approve the proposal from Russell Corrosion if no other local training is available. Mr. Schultz seconded the motion and all voted in favor.

25. ERCOT Consent and Ballot Form for Vote on Unaffiliated Directors and Bylaws.

The Board reviewed the ERCOT consent and Ballot Form for Vote on Unaffiliated Directors and Bylaws. Ms. Serrato requested authorization to submit the ballot form voting in favor of both items as recommended by ERCOT consultant Chris Brewster. Mr. Schultz made a motion to authorize Ms. Serrato to submit the ballot voting in favor of both items on behalf of South Texas Water Authority. Mr. Treviño seconded. All voted in favor.

26. Executive Session.  
Personnel Matters – Job performance and termination of Field Supervisor.

Ms. Lowman announced that the Board would convene in Closed Session at 7:10 p.m. pursuant to Section 551.074 of the Government Code – Personnel Matters – to discuss the job performance and termination of the Field Supervisor. The Board reconvened in Open Session at 7:23 p.m. No action was taken during Closed Session.

27. Adjournment.

With no further business to discuss, Ms. Lowman adjourned the meeting at 7:26 p.m.

Respectfully submitted,

  
Frances De Leon  
Assistant Secretary